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SUBJECT: 2003 GLOBAL FOOD AID: BARELY COPING WITH
EXTRAORDINARY NEEDS - EVEN LESS SANGUINE FORECAST FOR 2004

REF: (A) ROME 002196

SUMMARY

1. WFP has released its annual Global Food Aid report entitled "2003 Food Aid Flows," which highlights, despite a year of extraordinary emergencies, the steady downward trend in total food aid tonnages, particularly since 1999. For 2004, international prices for food aid commodities continue their steady climb upwards, and ocean freight rates are at a record high. High prices for food aid commodities and transport mean plainly and simply reduced tonnage for beneficiaries, and food aid pipelines for a number of major operations are increasingly precarious, as per WFP. When a comparable price spike occurred in 1996 and 1997, donor food aid contributions dropped to their lowest level since the start of international food aid programs in the 1950s. As WFP's Jim Morris (ref A) told the Annual Session of the WFP Executive Board last month, "a donation to WFP (in 2004) will buy markedly less food today than any time since the mid 1990s." Population growth, declining land and water resources, nutrition needs associated with HIV/AIDS, and the high incidence of natural and man-made disasters, will this year almost certainly create a number of unpalatable choices for donors, implementing agencies, and recipient countries alike.

2. "2003 Food Aid Flows" records that deliveries worldwide this past year totaled 10.2 million tons, 830,000 tons under the average annual tonnage delivered over the decade 1993-2002. Over the past five years, tonnage levels are as follows: 1999, 15.0 million tons; 2000, 11.3 million tons; 2001, 10.9 million tons; 2002, 9.7 million tons. The small increase in 2003, 10.2 million tons, factors in the extraordinary international efforts associated with Iraq. Deliveries by the United States decreased by 8 percent, from 6.2 million tons in 2002 to 5.7 million tons in 2003. The EC and its member states provided 2.2 million tons of food assistance in 2003, compared with 1.4 million tons in 2002.

3. Eight countries - Ethiopia, Iraq, North Korea, Sudan, Bangladesh, Eritrea, Angola and Zimbabwe - received over half of all global food aid. The remaining 50 percent was divided among 91 recipients. In 2003, food aid channeled multilaterally reached a record level of 49 percent of global food assistance, making WFP the world's predominant food aid handler. End summary.

Regional analysis - Sub-Saharan Africa

4. Driven by extraordinary emergency requirements in both the Horn and southern Africa, sub-Saharan Africa received some 5.2 million tons of food aid in 2003, 51 percent of world-wide deliveries. Seventy-eight percent of the food assistance to the region (4.1 million tons) was emergency food aid. Eleven percent was sold on the market. All food aid was provided to sub-Saharan Africa on a fully grant basis. Fourteen percent was procured through local

purchases, 16 percent provided through triangular transactions (i.e., food aid purchased in one developing country for use in another developing country), and the remaining 70 percent was transferred directly from the donor countries. Main recipients in 2003 were: Ethiopia, almost 2 million metric tons (19 percent of 2003 world-wide deliveries and 38 percent of the deliveries to sub-Saharan Africa); Angola, 280,000 mts; Zimbabwe, 280,000 mts; and

Sudan, 250,000 mts. Malawi, Kenya, Mozambique, Uganda, Zambia and Tanzania each received more than 100,000 mts. The main donors were the United States (55 percent), the European Union (Commission and Member States) (30 percent), Japan (5 percent) and Canada (2 percent). WFP delivered 62 percent of the emergency food aid and 33 percent of the project (i.e., targeted, grant, development) food aid provided to sub-Saharan Africa in 2003. Food aid flows to sub-Saharan Africa (1999-2002) are as follows: 1999, 2.8 million tons; 2000, 4.0 million tons; 2001, 3.6 million tons; and 2002, 3.0 million tons.

Asia

15. Food aid deliveries to Asia amounted to 2.4 million tons in 2003, 24 percent of global deliveries, of which 57 percent was emergency relief. DPR Korea was the main recipient country (965,000 mts), followed by: Bangladesh, 450,000 mts; Indonesia, 240,000 mts; Afghanistan, 230,000 mts; and Philippines, 100,000 mts. The major donors were: the United States (36 percent); the Republic of Korea (22 percent); EU Commission and member states (13 percent); China (10 percent); Canada (6 percent); and Japan (5 percent). WFP delivered 50 percent of the emergency food aid and 28 percent of the project food assistance. Food aid flows to Asia (1999-2002) are as follows: 1999, 5.0 million tons; 2000, 3.2 million tons; 2001, 4.1 million tons; 2002, 3.8 million tons.

Middle East and North Africa

16. Food aid deliveries to the countries of the Middle East and North Africa in 2003 amounted to 1.4 million metric tons, 14 percent of global deliveries. Emergency and project food aid together represented 90 percent of deliveries. Seventy-three percent of the food assistance to the region was provided through multilateral channels, 17 percent through NGOs and 10 percent bilaterally. The major donors were the United States (78 percent); Japan (4 percent); United Kingdom (3 percent); European Commission (3 percent); and Germany (2 percent). The main recipient countries were: Iraq, 1.3 million tons; Jordan, 150,000 mts; and the Palestinian Territories, 68,000 mts. WFP provided 81 percent of the emergency food aid and 60 percent of the project food assistance. Note. The Iraq numbers (and the overall global food aid numbers) do not include the food commodities purchased commercially through the UN Oil-for-Food (OFF) operations. End note. Food aid flows to this region 1999-2002 are as follows: 1999, 500,000 tons; 2000, one million tons; 2001, 900,000 tons; 2002, 700,000 tons.

Eastern Europe and Commonwealth of Independent States (CIS) countries

17. The deliveries to Eastern Europe and Commonwealth of Independent States (CIS) countries in 2003 amounted to 750,000 mts, 7 percent of global food deliveries. Emergency and project food assistance together accounted for 56 percent of overall deliveries. Thirty-two percent of the food aid was channeled through NGOs, 23 percent was provided multilaterally and 45 percent bilaterally. The main recipient countries were: Ukraine, 200,000 mts; Tajikistan, 100,000 mts; Serbia and Montenegro, 80,000 mts; the Russian Federation, 80,000 mts; and Georgia, 60,000 mts. The major donors were the United States (57 percent), the Russian Federation (27 percent), and the EU Commission and member states (12 percent). WFP delivered 87 percent of the emergency food aid, but was not involved in project assistance. Food aid flows to this region 1999-2002 are as follows: 1999, 5.4 million tons; 2000, 2.3 million tons; 2001, 1.3 million tons; and 2002, 1.0 million tons.

Latin America and Caribbean region

18. Latin America and the Caribbean received 470,000 metric tons of food assistance in 2003, 5 percent of global deliveries. 67 percent was channeled through NGOs, 19 percent was provided multilaterally and 14 percent bilaterally. Half the food aid delivered was sold on the market; all food aid to the region in 2003 was provided on a fully grant basis. The main recipient countries were: Bolivia 130,000 mts; Peru, 70,000 mts; Honduras, 70,000 mts; Haiti, 60,000 mts; Guatemala, 60,000 mts; and Nicaragua, 50,000 mts. The major donors were the United States (91 percent); EU Commission and member states (3 percent); and Japan (2 percent). WFP delivered 77 percent of the emergency food aid and 17 percent of the project food assistance. Food

aid flows to Latin America and the Caribbean 1999-2002 are as follows: 1999, 1.2 million tons; 2000, 828,000 tons; 2001, one million tons; and 2002, 1.2 million tons.

Other salient food aid facts in 2003

9. Other highlights of the report are as follows:

- The United States provided 56 percent of all global food aid. However, deliveries by the United States (all programs) decreased by 8 percent, from 6.2 million tons in 2002 to 5.7 million tons in 2003. U.S. food aid levels 1999-2001 are as follows: 1999, 9.5 million tons; 2000, 7.0 million tons; 2001, 6.8 million tons;
- The EC and its member states provided 2.2 million tons of food assistance in 2003, compared with 1.4 million tons in 2002. EC and its member states food aid levels 1999-2001 are as follows: 1999, 3.7 million tons; 2000, 2.2 million tons; 2001, 2.1 million tons;
- In 2003, emergency food aid deliveries (all spigots) reached a record level of 6.8 million tons, or 67 percent of the global deliveries;
- Relative to 2002, deliveries funded by the European

Commission (not including the member states) increased by 90 percent (from 585,875 tons in 2002 to 1.1 million tons in 2003), those by the Republic of Korea by 26 percent and those of Japan by 39 percent. Deliveries by Canada increased by 52 percent; deliveries by the United Kingdom rose by more than threefold. The deliveries of Norway went up by a factor of four, and food aid deliveries by Italy increased by 7 percent. However, food aid from China decreased by more than 30 percent, (i.e., from 200,000 mts to 100,000 mts), and Australia's donations by two-thirds (from 300,000 mts to 100,000 mts);

- Eight countries - Ethiopia, Iraq, North Korea, Sudan, Bangladesh, Eritrea, Angola and Zimbabwe - received over half of all global food aid. The remaining 50 percent was divided among 91 recipient countries;
- 932,000 metric tons of food aid provided in 2003 was procured through local purchases;
- 94 percent of global food aid in 2003 was on full grant terms (9.6 million tons), while only 6 percent (600,000 tons) were provided on concessional terms;
- Of the 10.2 million tons of commodities constituting food assistance in 2003, 1.9 million tons were sold (monetized) and 8.3 million tons directly distributed to final beneficiaries;
- 96 percent of global food assistance (some 9.9 million tons) in 2003 went to developing countries, of which 5.3 million tons (52 percent) went to least developed countries (LDCs); and finally,
- In 2003, food aid channeled multilaterally reached a record level of 49 percent of global food assistance (nearly 5 million tons against an overall total 10.2 million tons delivered - all spigots), making WFP (at 4.6 million tons) the world's predominant food aid handler.

Comment

10. Globally, there is an increasing trend to use food aid to target people rather than providing import substitutions. Food aid procurements in developing countries are on the increase. Targeted food aid flows in both emergency and development settings are now driven more by case-by-case assessment of the urgency of human problems and are increasingly provided on a multilateral basis or through NGOs. WFP is the dominant player in the delivery of worldwide emergency food aid, handling 63 percent in 2003.

11. For 2004, international prices for food aid commodities continue their steady climb upwards, and ocean freight rates are a record high. High prices for food aid commodities and transport mean plainly and simply reduced tonnage for beneficiaries, and food aid pipelines for a number of major operations are increasingly precarious, as per WFP. When a comparable price spike occurred in 1996 and 1997, donor food aid contributions dropped to their lowest level since the start of international food aid programs in the 1950s. As WFP's Jim Morris told the Annual Session of the WFP Executive Board last month, "a donation to WFP (in 2004) will buy markedly less food today than any time since the mid 1990s." Population growth, declining land and water resources, nutrition needs associated with HIV/AIDS, and the high incidence of natural and man-made disasters, will this year almost certainly create a number of unpalatable choices

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